

# 180 Degrees, Inc. and Subsidiaries

Consolidated Financial Statements and  
Supplemental Information

Years Ended June 30, 2021 and 2020

The logo for WIPFLI, consisting of the word "WIPFLI" in white, uppercase letters inside a blue rectangular box.

**WIPFLI**

# 180 Degrees, Inc. and Subsidiaries

Years Ended June 30, 2021 and 2020

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## **Independent Auditor's Report**

Board of Directors  
180 Degrees, Inc. and Subsidiaries  
Minneapolis, Minnesota

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of 180 Degrees, Inc. and Subsidiaries (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of 180 Degrees, Inc. and Subsidiaries as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, the Organization adopted the following Accounting Standard Update (ASU) as of and for the year ended December 31, 2020, ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). Our opinion is not modified with respect to this matter.

**Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information appearing on pages 24-27 is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

November 4, 2021  
Minneapolis, Minnesota

# 180 Degrees, Inc. and Subsidiaries

## Consolidated Statements of Financial Position

June 30, 2021 and 2020

Assets	2021	2020
Current assets:		
Cash	\$ 777,966	\$ 1,031,005
Accounts receivable, net	796,385	701,579
Pledges receivable, current portion	990	1,000
Prepaid expenses	9,575	31,902
Total current assets	1,584,916	1,765,486
Property and equipment:		
Construction in progress	73,098	44,191
Land	381,992	305,192
Buildings	7,290,216	5,621,037
Equipment	592,695	465,575
Furniture and fixtures	75,647	75,305
Vehicles	208,720	145,016
Subtotal	8,622,368	6,656,316
Less - Accumulated depreciation	(2,744,479)	(2,473,686)
Net property and equipment	5,877,889	4,182,630
Other assets:		
Pledges receivable, net of current portion	-	990
Participation in loan	-	2,900,350
Total other assets	-	2,901,340
TOTAL ASSETS	\$ 7,462,805	\$ 8,849,456

See accompanying notes to consolidated financial statements.

**180 Degrees, Inc. and Subsidiaries**  
**Consolidated Statements of Financial Position (Continued)**

June 30, 2021 and 2020

Liabilities and Net Assets	2021	2020
Current liabilities:		
Notes payable, current portion	\$ 100,136	\$ 3,106,740
Capital leases payable, current portion	12,590	12,545
Accounts payable	145,512	188,484
Accrued expenses	305,446	301,460
Total current liabilities	563,684	3,609,229
Long-term liabilities:		
Notes payable, net of current portion	2,390,150	1,454,307
Capital leases payable, net of current portion	6,328	18,918
Refundable advance liability	77,034	212,017
Total long-term liabilities	2,473,512	1,685,242
Total liabilities	3,037,196	5,294,471
Net assets:		
Without donor restrictions:		
Undesignated	3,825,609	3,460,985
Board designated	360,000	-
With donor restrictions	240,000	94,000
Total net assets	4,425,609	3,554,985
TOTAL LIABILITIES AND NET ASSETS	\$ 7,462,805	\$ 8,849,456

See accompanying notes to consolidated financial statements.

**180 Degrees, Inc. and Subsidiaries**  
**Consolidated Statements of Activities**

Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Program service revenue and government contracts	\$ 3,074,066	\$ -	\$ 3,074,066	\$ 3,186,858	\$ -	\$ 3,186,858
Contributions and grants	2,248,528	240,000	2,488,528	2,282,902	94,000	2,376,902
Rental income	120,625		120,625	-	-	-
Special event income, net	3,770	-	3,770	28,748	-	28,748
Other income	79,090	-	79,090	132,834	-	132,834
New Market Tax Credit loan forgiveness	1,050,149	-	1,050,149	-	-	-
Net assets released from restrictions	94,000	(94,000)	-	81,200	(81,200)	-
<b>Total revenue and support</b>	<b>6,670,228</b>	<b>146,000</b>	<b>6,816,228</b>	<b>5,712,542</b>	<b>12,800</b>	<b>5,725,342</b>
Expenses:						
Program services	4,897,979	-	4,897,979	4,408,638	-	4,408,638
Supporting services:						
Management and general	770,777	-	770,777	811,994	-	811,994
Fundraising	276,848	-	276,848	184,566	-	184,566
<b>Total expenses</b>	<b>5,945,604</b>	<b>-</b>	<b>5,945,604</b>	<b>5,405,198</b>	<b>-</b>	<b>5,405,198</b>
Change in net assets	724,624	146,000	870,624	307,344	12,800	320,144
Net assets at beginning of year	3,460,985	94,000	3,554,985	3,153,641	81,200	3,234,841
<b>Net assets at end of year</b>	<b>\$ 4,185,609</b>	<b>\$ 240,000</b>	<b>\$ 4,425,609</b>	<b>\$ 3,460,985</b>	<b>\$ 94,000</b>	<b>\$ 3,554,985</b>

See accompanying notes to consolidated financial statements.

**180 Degrees, Inc. and Subsidiaries**  
**Consolidated Statement of Functional Expenses**

Year Ended June 30, 2021

	Program Services						Total Program	Management and General	Fundraising	Total
	Residential			Community Based Programs						
	Brittany's Place	Clifton Halfway House	Foster Care and Youth Group Homes	Family Preservation Services	Youth Vocational					
Salaries and wages	\$ 662,791	\$ 543,873	\$ 1,291,614	\$ 71,632	\$ 145,973	\$ 2,715,883	\$ 513,714	\$ 153,104	\$ 3,382,701	
Payroll taxes	48,525	39,235	97,131	5,406	10,331	200,628	34,612	10,502	245,742	
Employee benefits	92,812	106,624	212,178	7,210	40,550	459,374	106,225	26,286	591,885	
Supplies	31,389	51,783	42,327	4,652	4,900	135,051	5,259	989	141,299	
Telephone	8,986	14,345	19,601	758	2,040	45,730	7,045	1,958	54,733	
Professional fees and services	147,238	63,812	70,362	2,496	2,888	286,796	22,252	1,532	310,580	
Insurance	26,215	33,126	52,817	2,077	3,884	118,119	8,836	2,699	129,654	
Repairs and maintenance	35,452	36,033	32,597	3,574	1,387	109,043	5,197	1,320	115,560	
Food	12,689	30,139	35,828	-	-	78,656	-	-	78,656	
Utilities	17,471	56,093	24,271	2	460	98,297	1,791	547	100,635	
Miscellaneous	-	-	-	-	-	-	2,905	-	2,905	
Postage	541	694	328	14	169	1,746	714	779	3,239	
Printing	1,017	1,252	3,919	42	229	6,459	427	1,528	8,414	
Equipment rental	-	2,359	4,119	-	-	6,478	-	-	6,478	
Travel	3,140	4,509	16,353	6	5,143	29,151	6,648	84	35,883	
Dues and subscriptions	19,773	3,741	6,865	-	5	30,384	1,466	1,019	32,869	
Bank charges	18,111	531	-	-	-	18,642	-	-	18,642	
Cost of direct benefit to donors	-	-	-	-	-	-	-	10,504	10,504	
Public relations	1,330	-	633	-	-	1,963	-	2,960	4,923	
Depreciation and amortization	166,683	77,335	26,775	-	-	270,793	-	-	270,793	
Bad debt	63,871	798	-	-	990	65,659	-	-	65,659	
Interest	76,474	47,509	15,018	-	-	139,001	-	-	139,001	
Real estate taxes	1,786	14,781	-	-	-	16,567	-	-	16,567	
Computer repair and maintenance	33,455	6,323	22,979	-	158	62,915	53,686	189	116,790	
Marketing	-	-	644	-	-	644	-	71,352	71,996	
<b>Total expenses by function</b>	<b>1,469,749</b>	<b>1,134,895</b>	<b>1,976,359</b>	<b>97,869</b>	<b>219,107</b>	<b>4,897,979</b>	<b>770,777</b>	<b>287,352</b>	<b>5,956,108</b>	
Less: Expenses included with revenues on the statement of activities:										
Cost of direct benefit to donors	-	-	-	-	-	-	-	(10,504)	(10,504)	
<b>Total expenses included in the expense section on the consolidated statements of activities</b>	<b>\$ 1,469,749</b>	<b>\$ 1,134,895</b>	<b>\$ 1,976,359</b>	<b>\$ 97,869</b>	<b>\$ 219,107</b>	<b>\$ 4,897,979</b>	<b>\$ 770,777</b>	<b>\$ 276,848</b>	<b>\$ 5,945,604</b>	

See accompanying notes to consolidated financial statements.



**180 Degrees, Inc. and Subsidiaries**  
**Consolidated Statement of Functional Expenses**

Year Ended June 30, 2020

	Program Services									Total
	Residential			Community Based Programs						
	Brittany's Place	Clifton Halfway House	Foster Care and Youth Group Homes	Family Preservation Services	Youth Vocational	Total Program	Management and General	Fundraising		
Salaries and wages	\$ 526,196	\$ 457,227	\$ 1,174,274	\$ 92,308	\$ 243,910	\$ 2,493,915	\$ 531,545	\$ 132,730	\$ 3,158,190	
Payroll taxes	39,085	34,062	87,143	7,147	17,921	185,358	36,603	8,615	230,576	
Employee benefits	76,185	86,954	159,988	25,222	52,731	401,080	119,761	19,985	540,826	
Supplies	14,523	36,046	59,012	2,147	16,064	127,792	2,688	370	130,850	
Telephone	14,284	13,919	22,958	2,442	6,176	59,779	9,709	825	70,313	
Professional fees and services	44,670	18,428	54,668	18,535	1,978	138,279	24,536	17,215	180,030	
Insurance	19,662	15,452	48,140	4,035	7,927	95,216	10,318	723	106,257	
Repairs and maintenance	27,840	23,450	48,283	1,826	2,629	104,028	5,343	-	109,371	
Food	15,280	49,106	47,272	72	103	111,833	210	-	112,043	
Utilities	16,979	31,308	24,280	901	1,384	74,852	2,796	-	77,648	
Miscellaneous	1,002	656	1,429	104	448	3,639	688	123	4,450	
Postage	-	479	170	287	403	1,339	892	469	2,700	
Printing	1,212	1,581	3,430	648	476	7,347	2,136	1,199	10,682	
Equipment rental	-	3,213	4,754	9	9	7,985	242	-	8,227	
Travel	7,000	3,926	19,938	749	7,822	39,435	13,994	863	54,292	
Dues and subscriptions	6,238	2,183	8,668	9	71	17,169	893	1,058	19,120	
Bank charges	25,947	-	5,663	-	-	31,610	64	-	31,674	
Cost of direct benefit to donors	-	-	-	-	-	-	-	13,967	13,967	
Public relations	174	-	2,436	554	-	3,164	-	279	3,443	
Depreciation and amortization	159,871	41,943	25,824	-	1,596	229,234	-	-	229,234	
Bad debt	46,035	-	-	-	18,159	64,194	-	-	64,194	
Interest	142,311	5,510	16,894	414	1,891	167,020	317	-	167,337	
Real estate taxes	3,892	258	-	-	-	4,150	-	-	4,150	
Computer repair and maintenance	13,144	1,581	18,233	7,071	191	40,220	49,259	-	89,479	
Marketing	-	-	-	-	-	-	-	112	112	
<b>Total expenses by function</b>	<b>1,201,530</b>	<b>827,282</b>	<b>1,833,457</b>	<b>164,480</b>	<b>381,889</b>	<b>4,408,638</b>	<b>811,994</b>	<b>198,533</b>	<b>5,419,165</b>	
Less: Expenses included with revenues on the statement of activities:										
Cost of direct benefit to donors	-	-	-	-	-	-	-	(13,967)	(13,967)	
<b>Total expenses included in the expense section on the consolidated statements of activities</b>	<b>\$ 1,201,530</b>	<b>\$ 827,282</b>	<b>\$ 1,833,457</b>	<b>\$ 164,480</b>	<b>\$ 381,889</b>	<b>\$ 4,408,638</b>	<b>\$ 811,994</b>	<b>\$ 184,566</b>	<b>\$ 5,405,198</b>	

See accompanying notes to consolidated financial statements.

# 180 Degrees, Inc. and Subsidiaries

## Consolidated Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Change in cash:		
Cash flows from operating activities:		
Change in net assets	\$ 870,624	\$ 320,144
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	270,793	229,234
Bad debt expense	65,659	64,194
Discount on pledges receivable	-	(50)
New Market Tax Credit loan forgiveness	(1,050,149)	
Changes in operating assets and liabilities:		
Accounts receivable	(160,465)	(108,497)
Pledges receivable	1,000	1,000
Prepaid expenses and other assets	22,327	(27,292)
Accounts payable	(42,972)	48,121
Accrued expenses	3,986	40,431
Refundable advance liability	(134,983)	(549,683)
Net cash provided by (used in) in operating activities	(154,180)	17,602
Cash flows from investing activities:		
Purchase of property and equipment	(257,052)	(134,046)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loan	-	686,700
Proceeds from notes receivable	-	41,674
Proceeds from notes payable	750,000	-
Principal payments on capital leases	(12,545)	(11,593)
Principal payments on notes payable	(579,262)	(42,552)
Net cash provided by financing activities	158,193	674,229
Net change in cash	(253,039)	557,785
Cash at beginning of year	1,031,005	473,220
Cash at end of year	\$ 777,966	\$ 1,031,005
<b>Supplemental cash flow information:</b>		
Cash paid during the year for interest	\$ 139,001	\$ 167,337
Line of credit converted to note payable	-	360,000
New Market Tax Credit loan forgiveness	1,050,149	-
Capital assets acquired with notes payable	1,709,000	-

See accompanying notes to consolidated financial statements.

# 180 Degrees, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Nature of Activities

180 Degrees, Inc. is a nonprofit organization that is multi-cultural and provides comprehensive culturally specific services that empowers its clients to improve their lives by making positive choices resulting in healthier individuals, stronger families, and safer communities. This is achieved by:

- Assisting offenders in the successful adaptation to the community.
- Providing juvenile delinquency and truancy social work services and related targeted case management services.
- Juvenile group homes located in Rochester, Albert Lea, and St. Cloud and also offer foster care placement services at these facilities.
- Mentoring services for juveniles and families.
- Providing mental health services.

The wholly-owned subsidiary, Community Re-Entry Services, LLC ("Community Re-Entry Services") is a nonprofit limited liability company that provides residential supervision of sex offenders, including drug and alcohol testing, intensive case management, and assisting the offender in finding long-term housing, and employment.

The wholly-owned subsidiary, Turning Lives Around ("TLA"), a nonprofit corporation, was formed in November 2013 as a 501(c)(2) for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount less expenses to 180 Degrees, Inc., which is exempt under 501(c)(3). TLA was formed in order to obtain financing through New Markets Tax Credits (NMTC) for 180 Degrees, Inc. Youth Development Campus in St. Paul. The land and buildings of the campus were transferred from 180 Degrees, Inc. to TLA, and 180 Degrees, Inc. rents the buildings from TLA.

The primary programs of 180 Degrees, Inc. and Subsidiaries (the "Organization") are:

#### Residential Programs and Services:

*Brittany's Place* - Minnesota's largest shelter and supportive program for girls, 10-17, who are victims of, or at-risk for, sex trafficking. Shelters up to 12 girls on a given night, residing for 30-90 days. Additional services include youth outreach, case management, and aftercare for up to 90 days upon program exit.

*Clifton Halfway House* - Launched by a formerly incarcerated man, this program is a first-stop residence for 200 Minnesotan men each year exiting prison. Services include emergency residence, case management, sobriety programs, job placement, life skills, and housing navigation. The shelter serves up to 37 men with stays averaging 60 days.

*Foster Care Program* - Recruits and provides 24/7 support for foster families and youth across southeast Minnesota. The network provides respite or short/long-term foster care.

# 180 Degrees, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Nature of Activities** (Continued)

*Emergency Youth Shelters* - Provides 24/7 emergency shelter to youth, ages 10-19 experiencing or at risk of homelessness, exploitation, and crisis. On any night, 180 Degrees, Inc. is providing shelter and services to 40 youth in Chanhassen, Eden Prairie, St. Cloud/Central MN, and Rochester/SE MN. Services include youth outreach, emergency shelter, case management, life skills, onsite education, and aftercare for up to 90 days.

#### **Community Based Programs:**

##### **SAFE Program:**

*Safe Program* - The SAFE program provides African American-centric prevention and intervention programming for women and their children in St. Paul and Minneapolis who are experiencing domestic violence. Case managers support the family and make important connections to secure food, shelter, transportation, employment, mental and chemical health, and legal aid.

##### **Youth Vocational:**

*All Children Excel (ACE) Program* - Provides long-term, comprehensive case management annually for 50 children in Ramsey County, ages 9 and under, who have committed prosecutable offenses. ACE staff can work with these youth until they reach age 18.

*Youth Vocational Program* - Provides job skill-building, job readiness, and job placement for high risk, high school age youth in 180 Degrees' shelter programs.

#### **Basis of Consolidation**

The consolidated financial statements include the accounts of 180 Degrees, Inc. and its wholly-owned subsidiaries, Community Re-Entry Services and Turning Lives Around. All material intercompany transactions and accounts have been eliminated.

#### **Basis of Presentation**

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States (GAAP).

#### **Cash and Cash Equivalents**

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

# 180 Degrees, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Accounts Receivable

Accounts receivable consist primarily of amounts due for program services. The Organization provides an allowance for bad debts, which is based on management's judgment considering historical information. Accounts past due more than 90 days are individually analyzed for collectibility. When all collection efforts have been exhausted, the accounts are written off against the related allowance. The allowance for bad debts at June 30, 2021 and 2020, was \$54,112 and \$54,975, respectively.

#### Pledges Receivable

Pledges receivable expected to be collected in less than one year are reported at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received. No allowance for pledges receivable is provided since all amounts are deemed collectible.

#### Property and Equipment

All major expenditures for property and equipment exceeding \$5,000 are capitalized at cost. Amortization of assets acquired under capital leases is included in accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Building	10-40 years
Equipment	5-10 years
Furniture and fixtures	5-10 years
Vehicles	5 years

#### Participation in Loan

TLA obtained financing through New Markets Tax Credit (NMTC) program. NMTC programs were established as part of the Community Renewal Tax Relief Act of 2000. The goal of NMTC programs is to spur revitalization efforts of low-income and impoverished communities across the United States and its Territories by providing tax credit incentives to investors in certified community development entities. Investors receive the tax credit over a seven year period. A community development entity (CDE) is required to participate and has the primary mission of providing financing for revitalization projects in low-income communities.

NMTC financing allows organizations such as 180 Degrees, Inc. and Subsidiaries to receive low-interest loans or investment capital from CDEs, primarily financial institutions, which will allow their investors to receive tax credits. As a result of participation in the NMTC program, TLA has obtained the low-interest loans described in Note 7.

# 180 Degrees, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Participation in Loan (Continued)

In connection with the NMTC program, Capital City New Markets Fund V Investment Fund, LLC (CCNMFVIF) had borrowed funds from a bank in order to make the loans to the Organization. 180 Degrees, Inc. had purchased a participation in CCNMFVIF's loan from that bank. 180 Degrees, Inc.'s initial participation in the loan totaled \$979,700 while an additional \$1,920,650 was purchased in 2015, totaling \$2,900,350, which was recorded at cost. The Organization received a portion of the interest paid on the debt as a result of the participation. The Organization fully participated in the loan, which could not exceed 95% participation in total.

During the year ended June 30, 2021, the remaining balance of the loan from CCNMFVIF was satisfied with the relinquishment of 180 Degrees, Inc.'s participation in the loan.

#### Net Assets

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

**Net assets without donor restrictions:** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**Net assets with donor restrictions:** Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

# 180 Degrees, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Contribution Revenue** (Continued)

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

#### **Grant Revenue**

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

**Grant Awards That Are Contributions** - Grants awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

**Grant Awards That Are Exchange Transactions** - Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

#### **Revenue Recognition**

**Revenue from Exchange Transactions:** The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended. ASU 2014-09, applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its statements of activities for the years ending June 30, 2021 and 2020:

# 180 Degrees, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Revenue Recognition** (Continued)

*Program Service Revenue and Government Contracts* - The Organization provides housing and related services for homeless youth and adult men exiting prison. There are various contracts in place over various periods of time, however all services are paid on a per diem basis. Revenue is recognized at over time when the service is rendered and reported at the estimated net realizable amounts from third-party payors and individuals.

#### **Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited according to estimates made by management. Expenses, except for certain items on a direct allocation basis, are allocated among program and supporting service categories based on the estimated time expended by providers of professional and administrative services in those categories.

#### **Use of Estimates**

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Income Taxes**

180 Degrees, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). Community Re-Entry Services is a wholly owned limited liability company and is considered a disregarded entity for tax purposes. TLA is exempt from federal income taxes under Section 501(c)(2) of the Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation on unrelated business income. The Organization paid no income tax on unrelated business income in 2021 and 2020.

The Organization assesses whether it is more likely than not that a tax position will be sustained upon examination of the technical merits or the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the financial statements. The Organization recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits.

#### **Subsequent Events**

The Organization has evaluated events and transactions for potential recognition or disclosure in the consolidated financial statements through November 4, 2021, which is the date the consolidated financial statements were available to be issued.



# 180 Degrees, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Change in Accounting Policy

In May 2014, the FASB issued ASU 2014-09 Revenue From Contracts with Customers (Topic 606). The amendments in this ASU, along with numerous clarifications and modifications, require an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Organization adopted this guidance as of July 1, 2020, and applied Topic 606 on a modified retrospective basis. The modified retrospective adoption of the revenue recognition standard discussed above did not impact the timing or amount of revenue recognized.

#### New Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the effects of this ASU on their financial statements.

### Note 2: Liquidity and Availability of Financial Resources

The following table reflects the Organization's financial assets as of June 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the consolidated statements of financial position date. Amounts not available include net assets with donor restrictions and pledges receivable greater than one year, less the valuation allowance.

	2021	2020
Financial assets at year-end:		
Cash	\$ 777,966	\$ 1,031,005
Accounts receivable, net	796,385	701,579
Pledges receivable	990	1,990
Total financial assets	1,575,341	1,734,574
Less amounts not available to be used within one year:		
Pledges receivable after one year	-	(990)
Net assets with board designations	(360,000)	-
Net assets with donor restrictions	(240,000)	(94,000)
Totals	\$ 975,341	\$ 1,639,584

The Organization does not have a formal investment or cash management policy but generally maintains liquid financial assets sufficient to cover 60 days of general expenditures.

# 180 Degrees, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 3: Concentration of Credit Risk

The Organization maintains cash balances at financial institutions where the accounts are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 at each institution. At certain times during the year cash balances may be in excess of FDIC coverage. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

### Note 4: Concentration of Funding

During the years ended June 30, 2021 and 2020, the Organization's major sources of support and revenue were as follows:

	2021	2020
Federal program funding	\$ 471,814	\$ 334,306
Minnesota Department of Corrections	831,424	626,182
Minnesota Department of Health Services	507,543	576,094
Hennepin County	489,758	594,651
Ramsey County	399,458	427,899

### Note 5: Pledges Receivable

The outstanding balance of pledges receivable as of June 30, 2021 and 2020, consisted of the following:

	2021	2020
Amount outstanding	\$ 990	\$ 2,000
Less: Discount of 1% to net present value	-	(10)
<b>Totals</b>	<b>\$ 990</b>	<b>1,990</b>
Amounts due in:		
Less than one year	\$ 990	1,000
One to five years	-	990
<b>Totals</b>	<b>\$ 990</b>	<b>\$ 1,990</b>

# 180 Degrees, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### Note 6: Line of Credit

On March 28, 2019, the Organization entered into a line of credit with Propel Nonprofits in the amount of \$70,000 with interest at 6.5%. This line of credit matured May 31, 2021 and was not renewed. It was collateralized by all business assets. As of June 30, 2021 and 2020, there were no outstanding amounts on the line of credit.

### Note 7: Notes Payable

The Organization had the following notes payable as of June 30, 2021 and 2020:

	2021	2020
Propel Nonprofits	\$ -	\$ 398,160
CDBG loan	6,749	10,450
City of St. Paul Star loan	54,636	69,937
Home Federal Savings Bank - Mortgage Loan	1,255,405	-
Home Federal Savings Bank - Commercial Loan	745,203	-
TRIO Investments LLC	428,293	-
Capital City New Markets Fund V, LLC:		
Note A	-	3,053,000
Note B	-	1,029,500
<b>Totals</b>	<b>2,490,286</b>	<b>4,561,047</b>
Less: Current portion	(100,136)	(3,106,740)
<b>Notes payable, Net of current portion</b>	<b>\$ 2,390,150</b>	<b>\$ 1,454,307</b>

Required payments of principal on the notes payable at June 30, 2021, including current maturities, are summarized as follows:

2022	\$ 100,136
2023	103,233
2024	104,013
2025	98,655
2026	95,130
Thereafter	1,989,119
<b>Total</b>	<b>\$ 2,490,286</b>

# 180 Degrees, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### **Note 7: Notes Payable** (Continued)

#### **Propel Nonprofits Loan**

The Organization had a loan agreement with Propel Nonprofits with monthly payments of \$4,645, which included interest at 5.5%, to mature on March 31, 2022. The note is secured by all business assets. This note was paid in full on December 14, 2020.

#### **CDBG Loan**

The Organization has a loan agreement with the North East Neighborhoods Development Corporation with monthly payments of \$331, which include interest at 3%, maturing on March 1, 2023. The note is secured by real property.

#### **City of St. Paul Star Loan**

The Organization has a loan agreement with the City of St. Paul with monthly payments of \$1,380, which includes interest at 2%, maturing on December 1, 2024. The note is secured by real property.

#### **Home Federal Savings Bank - Mortgage Loan**

The Organization has a loan agreement with Home Federal Savings Bank with monthly payments of \$7,774, which includes interest at 4%, maturing on December 10, 2030. The note is secured by real property.

#### **Home Federal Savings Bank - Commercial Loan**

The Organization has a loan agreement with Home Federal Savings Bank with monthly payments of \$4,464, which includes interest at 3.75%, maturing on April 15, 2031. The note is secured by real property.

#### **TRIO Investments, LLC**

The Organization has a loan agreement with TRIO Investments, LLC with monthly payments of \$3,109, which includes interest at 6%, maturing on December 1, 2025. The note is secured by real property.

# 180 Degrees, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 7: Notes Payable (Continued)

#### Capital City New Market Fund V LLC Loans:

TLA is a qualified active low-income community business (QALICB) pursuant to the NMTC Program under Section 45D of the Internal Revenue Code. TLA had several notes payable consisting of loans provided by community development entities under the NMTC Program. The loan agreement also provided for several nonfinancial and financial covenants to include the following:

- Limitations on additional indebtedness.
- TLA shall not own additional property and property shall only be used for the project St. Paul Youth Development Campus.
- TLA shall not discontinue conducting business nor materially change the nature of the business.
- TLA shall maintain a debt service coverage ratio.

TLA had two loan agreements with Capital City New Market Fund V, LLC as follows:

\$3,053,000 loan (Note A) with an interest rate of 3.3656% per annum and interest-only payments due on the 20th day of each month through December 20, 2020. A balloon payment was paid for the remaining outstanding principal and accrued unpaid interest on December 31, 2020, through the process described under future transactions below. The note is secured by a mortgage on real and personal property owned by TLA. No prepayments may be made prior to the end of the NMTC recapture period, which is seven years.

\$1,029,500 loan (Note B) with an interest rate of 3.3656% per annum and interest-only payments due on the 1st day of each month through December 31, 2020. Beginning January 20, 2021, provided Note A has been paid in full, accrued interest and principal payments of \$5,363 per month will be paid through December 31, 2043, which is the maturity date of the loan. A balloon payment will be paid for the remaining outstanding principal and accrued unpaid interest on December 31, 2043. The note is secured by a mortgage on real and personal property owned by TLA. Capital City New Market Fund V, LLC reserves the right, but not the obligation, to sell the note to TLA within six months after the NMTC compliance period (seven years), for a put price of \$1,000.

In the event of a default, the Organization would have been required to purchase additional participations from the bank in an amount equal to the outstanding principal balance of the note less the amount of the participations previously purchased.

As of December 30, 2020, the Organization was the holder of 95% of an interest in a loan from Central Bank to the CDE through the participation agreement described in Note 1. At that time \$142,378, was paid by TLA and the remaining 95% of such loan was then eliminated by common ownership for reporting purposes because the remaining portion of the loan was be owed by TLA to 180 Degrees, Inc. through the participation agreement.

# 180 Degrees, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### Note 8: Capital Lease Obligation

The Organization leases office equipment under capital leases with monthly payments ranging from \$494 to \$722 with various expiration dates through March 2023. The following is an analysis of the book value of the leased assets included in equipment at June 30, 2021 and 2020:

	2021	2020
Leased assets cost	\$ 60,126	\$ 60,126
Less: Accumulated depreciation	(44,174)	(32,149)
Net book value	\$ 15,952	\$ 27,977

Minimum future lease obligations under the capital leases are as follows at June 30, 2021:

2022	\$	12,881
2023		6,636
Total		19,517
Less: Amounts representing interest		(599)
Present value of minimum lease payments	\$	18,918

Interest expense recognized under capital leases was \$1,489 and \$2,221 for the years ended June 30, 2021 and 2020, respectively.

### Note 9: Refundable Advance Liability

The Organization was awarded a conditional grant with the North East Neighborhood Development Corporation (NENDC) on February 22, 2016. The conditions of this grant will be met upon owning the related property until January 28, 2023, using it for the specified program purpose, and complying with the requirements of the HUD Community Development Block Grant (CDBG). In the year the conditions are met, the \$75,000 will be recognized as revenue.

At June 30, 2020, the Organization had a refundable advance liability of \$135,317. This amount resulted from the issuance of an award of \$686,700 from the Small Business Administration's (SBA) Paycheck Protection Program (PPP) from legislation passed to assist businesses in navigating the coronavirus pandemic (COVID-19). The Organization has determined the award is a conditional grant in accordance with FASB 958-605 and has applied the policy as described in Note 1. Accordingly, the award is reported as a refundable advance liability until the conditions are substantially met or explicitly waived.

The Organization interpreted the condition of the award to be the incurrence of eligible expenditures, adjusted for any decrease in full time equivalents and or salary/wage limitations. The Organization met the conditions of the award and the full amount of the award was recognized as revenue. The Organization has recognized \$135,317 and \$551,383 as revenue for the years ended June 30, 2021 and June 30, 2020, respectively. The full amount of the loan was forgiven by the SBA in March 2021.

# 180 Degrees, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### Note 10: Board Designated Net Assets

The 180 Degrees, Inc. and Subsidiaries's Board of Directors has designated, from net assets without donor restrictions of \$360,000, of net assets for the following purposes as of June 30:

	2021	2020
Maintenance reserve	\$ 180,000	\$ -
Emergency cash reserve	180,000	-
<b>Total</b>	<b>\$ 360,000</b>	<b>\$ -</b>

### Note 11: Net Assets with Donor Restrictions

Net asset balances are restricted by donors for the following purposes as of June 30:

	2021	2020
Subject to expenditure for specified purpose:		
Brittany's Place	\$ -	\$ 40,000
General Support - COVID 19	-	54,000
General operating support for Turning Lives Around	240,000	-
<b>Totals</b>	<b>\$ 240,000</b>	<b>\$ 94,000</b>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2021 and 2020:

	2021	2020
Subject to expenditure for specified purpose:		
Brittany's Place	\$ 40,000	\$ 21,200
General Support - COVID 19	54,000	-
Youth Advancement	-	60,000
<b>Totals</b>	<b>\$ 94,000</b>	<b>\$ 81,200</b>

# 180 Degrees, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

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### Note 12: Employee Benefit Plan

The Organization offers a 401(k) employee benefit plan that offers each eligible employee the opportunity to defer payroll dollars in a pretax, individual 401(k) account up to the maximum allowed by law. The Organization will match 100% of the employee's contribution for the first 3% and will match 50% of the employees 4th and 5th percent contribution, for a maximum employer match of 4%. Employer contributions were \$67,529 and \$63,579 to the 401(k) plan for the years ended June 30, 2021 and 2020, respectively. The employees' assets are immediately vested in the plan.

### Note 13: Related Parties

The Organization purchased database services from a company owned by a member of the Organization's Board of Directors for \$54,130 and \$6,000 during the years ending June 30, 2021 and 2020, respectively.

### Note 14: Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 classifications, and there was not change to previously reported change in net assets.

### Note 15: Commitments

The Organization's commitments with contractors as of June 30, 2021, were as follows:

	Spent to Date	Remaining Commitment
Brittany's Place Renovations	\$ 24,520	\$ 425,480

### Note 16: Risks and Uncertainties

Beginning in March 2020, the World Health Organization declared the outbreak COVID-19 as a pandemic, followed by multiple jurisdictions in the United States declaring a state of emergency. As a result the Organization has reduced office hours and employees have mostly been working remotely. The Organization cannot reasonably estimate the length or severity of this pandemic or the future impact of the economic changes as a result of the pandemic.



## **Supplementary Information**

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**180 Degrees, Inc. and Subsidiaries**  
**Consolidating Statement of Financial Position**

June 30, 2021

Assets	180 Degrees, Inc.	Community Re-entry Services	Turning Lives Around	Eliminations	Total
Current assets:					
Cash	\$ 386,056	\$ 36,485	\$ 355,425	\$ -	\$ 777,966
Accounts receivable, net	779,635	4,296	-	12,454	796,385
Pledges receivable, current portion	990	-	-	-	990
Prepaid expenses	7,608	1,967	-	-	9,575
Due from parent/subsidiaries	55,960	-	382,069	(438,029)	-
<b>Total current assets</b>	<b>1,230,249</b>	<b>42,748</b>	<b>737,494</b>	<b>(425,575)</b>	<b>1,584,916</b>
Property and equipment:					
Construction in progress	73,098	-	-	-	73,098
Land	34,270	76,800	270,922	-	381,992
Buildings	2,026,243	1,636,398	3,627,575	-	7,290,216
Equipment	591,955	740	-	-	592,695
Furniture and fixtures	75,647	-	-	-	75,647
Vehicles	174,185	-	34,535	-	208,720
<b>Subtotal</b>	<b>2,975,398</b>	<b>1,713,938</b>	<b>3,933,032</b>	<b>-</b>	<b>8,622,368</b>
Less - Accumulated depreciation	(1,712,005)	(24,604)	(1,007,870)	-	(2,744,479)
<b>Net property and equipment</b>	<b>1,263,393</b>	<b>1,689,334</b>	<b>2,925,162</b>	<b>-</b>	<b>5,877,889</b>
<b>TOTAL ASSETS</b>	<b>\$ 2,493,642</b>	<b>\$ 1,732,082</b>	<b>\$ 3,662,656</b>	<b>\$ (425,575)</b>	<b>\$ 7,462,805</b>
<b>Liabilities and Net Assets</b>					
Current liabilities:					
Notes payable, current portion	\$ 15,612	\$ 55,103	\$ 29,421	\$ -	\$ 100,136
Capital leases payable, current portion	12,590	-	-	-	12,590
Accounts payable	133,338	12,174	-	-	145,512
Accrued expenses	305,446	-	-	-	305,446
Due to parent/subsidiaries	369,615	55,960	-	(425,575)	-
<b>Total current liabilities</b>	<b>836,601</b>	<b>123,237</b>	<b>29,421</b>	<b>(425,575)</b>	<b>563,684</b>
Long-term liabilities:					
Notes payable, net of current portion	39,022	1,628,598	722,530	-	2,390,150
Capital leases payable, net of current portion	6,328	-	-	-	6,328
Refundable advance liability	900	1,134	75,000	-	77,034
<b>Total long-term liabilities</b>	<b>46,250</b>	<b>1,629,732</b>	<b>797,530</b>	<b>-</b>	<b>2,473,512</b>
<b>Total liabilities</b>	<b>882,851</b>	<b>1,752,969</b>	<b>826,951</b>	<b>(425,575)</b>	<b>3,037,196</b>
Net assets (deficit):					
Without donor restrictions:					
Undesignated	1,010,791	(20,887)	2,835,705	-	3,825,609
Board designated	360,000	-	-	-	360,000
With donor restrictions	240,000	-	-	-	240,000
<b>Total net assets</b>	<b>1,610,791</b>	<b>(20,887)</b>	<b>2,835,705</b>	<b>-</b>	<b>4,425,609</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,493,642</b>	<b>\$ 1,732,082</b>	<b>\$ 3,662,656</b>	<b>\$ (425,575)</b>	<b>\$ 7,462,805</b>

See Independent Auditor's Report.

**180 Degrees, Inc. and Subsidiaries**  
**Consolidating Statement of Financial Position**

June 30, 2020

Assets	180 Degrees, Inc.	Community Re-entry Services	Turning Lives Around	Eliminations	Total
Current assets:					
Cash	\$ 929,621	\$ -	\$ 101,384	\$ -	\$ 1,031,005
Accounts receivable, net	715,662	-	-	(14,083)	701,579
Pledges receivable, current portion	1,000	-	-	-	1,000
Prepaid expenses	31,777	125	-	-	31,902
Due from parent/subsidiaries	229,028	-	1,109,700	(1,338,728)	-
<b>Total current assets</b>	<b>1,907,088</b>	<b>125</b>	<b>1,211,084</b>	<b>(1,352,811)</b>	<b>1,765,486</b>
Property and equipment:					
Construction in progress	44,191	-	-	-	44,191
Land	34,270	-	270,922	-	305,192
Buildings	1,992,722	740	3,627,575	-	5,621,037
Equipment	465,575	-	-	-	465,575
Furniture and fixtures	75,305	-	-	-	75,305
Vehicles	145,016	-	-	-	145,016
<b>Subtotal</b>	<b>2,757,079</b>	<b>740</b>	<b>3,898,497</b>	<b>-</b>	<b>6,656,316</b>
Less - Accumulated depreciation	(1,604,168)	(740)	(868,778)	-	(2,473,686)
<b>Net property and equipment</b>	<b>1,152,911</b>	<b>-</b>	<b>3,029,719</b>	<b>-</b>	<b>4,182,630</b>
Other assets:					
Pledges receivable, net of current portion	990	-	-	-	990
Participation in loan	2,900,350	-	-	-	2,900,350
<b>Total other assets</b>	<b>2,901,340</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,901,340</b>
<b>TOTAL ASSETS</b>	<b>\$ 5,961,339</b>	<b>\$ 125</b>	<b>\$ 4,240,803</b>	<b>\$ (1,352,811)</b>	<b>\$ 8,849,456</b>
<b>Liabilities and Net Assets</b>					
Current liabilities:					
Notes payable, current portion	\$ 50,039	\$ -	\$ 3,056,701	\$ -	\$ 3,106,740
Capital leases payable, current portion	12,545	-	-	-	12,545
Accounts payable	188,484	-	-	-	188,484
Accrued expenses	1,635,078	-	-	(1,333,618)	301,460
Due to parent/subsidiaries	-	19,193	-	(19,193)	-
<b>Total current liabilities</b>	<b>1,886,146</b>	<b>19,193</b>	<b>3,056,701</b>	<b>(1,352,811)</b>	<b>3,609,229</b>
Long-term liabilities:					
Notes payable, net of current portion	418,058	-	1,036,249	-	1,454,307
Capital leases payable, net of current portion	18,918	-	-	-	18,918
Refundable advance liability	137,017	-	75,000	-	212,017
<b>Total long-term liabilities</b>	<b>573,993</b>	<b>-</b>	<b>1,111,249</b>	<b>-</b>	<b>1,685,242</b>
<b>Total liabilities</b>	<b>2,460,139</b>	<b>19,193</b>	<b>4,167,950</b>	<b>(1,352,811)</b>	<b>5,294,471</b>
Net assets (deficit):					
Without donor restrictions	3,407,200	(19,068)	72,853	-	3,460,985
With donor restrictions	94,000	-	-	-	94,000
<b>Total net assets</b>	<b>3,501,200</b>	<b>(19,068)</b>	<b>72,853</b>	<b>-</b>	<b>3,554,985</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 5,961,339</b>	<b>\$ 125</b>	<b>\$ 4,240,803</b>	<b>\$ (1,352,811)</b>	<b>\$ 8,849,456</b>

See Independent Auditor's Report.

**180 Degrees, Inc. and Subsidiaries**  
**Consolidating Statement of Activities**

Year Ended June 30, 2021

	180 Degrees, Inc.	Community Re-entry Services	Turning Lives Around	Eliminations	Total
Revenue and support:					
Program service revenue and government contracts	\$ 3,074,066	\$ -	\$ -	\$ -	\$ 3,074,066
Contributions and grants	2,488,528	-	-	-	2,488,528
Rental income	-	132,625	240,400	(252,400)	120,625
Special event income, net of expenses of \$10,504	3,770	-	-	-	3,770
Other income	78,988	102	-	-	79,090
New Market Tax Credit loan forgiveness	(1,710,156)	-	2,760,305	-	1,050,149
<b>Total revenue and support</b>	<b>3,935,196</b>	<b>132,727</b>	<b>3,000,705</b>	<b>(252,400)</b>	<b>6,816,228</b>
Expenses:					
Salaries and wages	3,382,701	-	-	-	3,382,701
Payroll taxes	245,742	-	-	-	245,742
Employee benefits	591,885	-	-	-	591,885
Supplies	135,657	5,642	-	-	141,299
Occupancy	252,400	-	-	(252,400)	-
Telephone	54,733	-	-	-	54,733
Professional fees and services	309,618	962	-	-	310,580
Insurance	119,053	10,601	-	-	129,654
Repairs and maintenance	104,946	10,614	-	-	115,560
Food	78,656	-	-	-	78,656
Utilities	74,341	26,294	-	-	100,635
Miscellaneous	2,905	-	-	-	2,905
Postage	3,239	-	-	-	3,239
Printing	8,414	-	-	-	8,414
Equipment rental	6,478	-	-	-	6,478
Travel	35,785	98	-	-	35,883
Dues and subscriptions	16,236	1,121	15,512	-	32,869
Bank charges	4,356	-	14,286	-	18,642
Public relations	4,923	-	-	-	4,923
Depreciation and amortization	107,837	23,864	139,092	-	270,793
Bad debt	64,861	798	-	-	65,659
Interest	30,039	39,999	68,963	-	139,001
Real estate taxes	2,044	14,523	-	-	16,567
Computer repair and maintenance	116,760	30	-	-	116,790
Marketing	71,996	-	-	-	71,996
<b>Total expenses</b>	<b>5,825,605</b>	<b>134,546</b>	<b>237,853</b>	<b>(252,400)</b>	<b>5,945,604</b>
Change in net assets	(1,890,409)	(1,819)	2,762,852	-	870,624
Net assets at beginning of year	3,501,200	(19,068)	72,853	-	3,554,985
<b>Net assets at end of year</b>	<b>\$ 1,610,791</b>	<b>\$ (20,887)</b>	<b>\$ 2,835,705</b>	<b>\$ -</b>	<b>\$ 4,425,609</b>

See Independent Auditor's Report.

# 180 Degrees, Inc. and Subsidiaries

## Consolidating Statement of Activities

Year Ended June 30, 2020

	180 Degrees, Inc.	Community Re-entry Services	Turning Lives Around	Eliminations	Total
Revenue and support:					
Program service revenue and government contracts	\$ 3,186,858	\$ -	\$ -	\$ -	\$ 3,186,858
Contributions and grants	2,376,902	-	-	-	2,376,902
Rental income	-	-	372,150	(372,150)	-
Special event income, net of expenses of \$13,967	28,748	-	-	-	28,748
Other income	132,834	-	-	-	132,834
<b>Total revenue and support</b>	<b>5,725,342</b>	<b>-</b>	<b>372,150</b>	<b>(372,150)</b>	<b>5,725,342</b>
Expenses:					
Salaries and wages	3,158,190	-	-	-	3,158,190
Payroll taxes	230,575	-	-	-	230,575
Employee benefits	540,826	-	-	-	540,826
Supplies	130,851	-	-	-	130,851
Occupancy	372,150	-	-	(372,150)	-
Telephone	70,314	-	-	-	70,314
Professional fees and services	180,030	-	-	-	180,030
Insurance	106,257	-	-	-	106,257
Repairs and maintenance	109,371	-	-	-	109,371
Food	112,043	-	-	-	112,043
Utilities	77,648	-	-	-	77,648
Miscellaneous	4,449	-	-	-	4,449
Postage	2,700	-	-	-	2,700
Printing	10,682	-	-	-	10,682
Equipment rental	8,227	-	-	-	8,227
Travel	54,292	-	-	-	54,292
Dues and subscriptions	19,022	-	98	-	19,120
Bank charges	3,103	-	28,571	-	31,674
Public relations	3,443	-	-	-	3,443
Depreciation and amortization	90,142	-	139,092	-	229,234
Bad debt	64,194	-	-	-	64,194
Interest	29,564	-	137,773	-	167,337
Real estate taxes	4,150	-	-	-	4,150
Computer repair and maintenance	89,479	-	-	-	89,479
Marketing	112	-	-	-	112
<b>Total expenses</b>	<b>5,471,814</b>	<b>-</b>	<b>305,534</b>	<b>(372,150)</b>	<b>5,405,198</b>
Change in net assets	253,528	-	66,616	-	320,144
Net assets at beginning of year	3,247,672	(19,068)	6,237	-	3,234,841
<b>Net assets at end of year</b>	<b>\$ 3,501,200</b>	<b>\$ (19,068)</b>	<b>\$ 72,853</b>	<b>\$ -</b>	<b>\$ 3,554,985</b>

See Independent Auditor's Report.